

ORIGINAL

Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

SEP 10 1993

In the Matter of)

Implementation of Sections of
the Cable Television Consumer
Protection and Competition Act
of 1992)

Rate Regulation)

MM Docket 92-266

REPLY OF BELL ATLANTIC¹

As other commenters have pointed out in response to the Further Notice in this proceeding,² the Commission should not create an exemption to its substantive rate regulations for small systems that are affiliated with MSOs.³ This is so for two separate reasons.

First, exempting small systems affiliated with MSOs from the Commission's substantive rate regulations would directly contravene the underlying statute. The 1992 Act affirmatively requires the Commission to ensure that all cable subscribers pay reasonable rates -- not just subscribers served by large

¹ The Bell Atlantic telephone companies ("Bell Atlantic") are The Bell Telephone Company of Pennsylvania, the four Chesapeake and Potomac telephone companies, The Diamond State Telephone Company, and New Jersey Bell Telephone Company.

² Rate Regulation, MM Dkt No. 92-266, Mem. Op. and Order and FNPRM (rel. Aug. 10, 1993).

³ See, e.g., Further Comments Regarding Small Systems By NATOA, et al. (Aug. 31, 1993).

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systems.⁴ In fact, even the section of the Act that provides for procedural rules "to reduce the administrative burdens and cost of compliance" for small systems assumes that these systems will nonetheless be subject to the Commission's substantive regulations.⁵ Otherwise, there would be no burden or cost to reduce.

Second, exempting small systems affiliated with MSOs from the Commission's substantive regulations would be fundamentally at odds with the way the Commission regulates telephone companies. These latter regulations apply in small and large communities alike, and the Commission has never suggested it would exempt the part of a telephone company's operations that serve communities with 1,000 or fewer subscribers.⁶

Moreover, to the extent the Commission modifies its procedural rules for small systems, it should recognize the additional resources and economies of scale that are available to

⁴ E.g., 47 U.S.C. § 543(b) ("The Commission shall, by regulation, ensure that the rates for the basic service tier are reasonable").

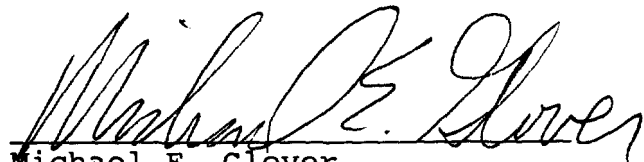
⁵ 47 U.S.C. § 543(i).

⁶ Significantly, some of the MSOs that seek the benefit here of any rules adopted for small systems acknowledge that they serve over 750,000 subscribers. See Comments of the Falcon Group at 2 (Aug. 31, 1993). Although this is more than the number of access lines served by each of two of the Bell Atlantic telephone companies -- those serving the states of West Virginia and Delaware -- neither of these companies is exempt from the Commission's regulations in the small communities they serve.

small systems affiliated with MSOs. These systems can take advantage of centralized financial and administrative resources of the MSO to meet their regulatory obligations -- just as telephone companies do. This will reduce the cost and burden of complying with the Commission's rules compared with small systems that are independently owned, and must also be taken into account in framing any modifications to the procedural aspects of the Commission's rules.

Respectfully submitted,

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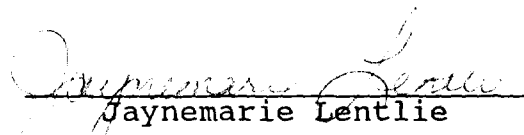

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September 10, 1993

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Reply of Bell Atlantic" was served this 10th day of September, 1993, by first class mail, postage prepaid, to the parties on the attached list.


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